

*Income Tax Act*

purposes. That is not the concept of an international banking centre. An international banking centre does in fact attract offshore money, but only for investment offshore. In other words, it is a depository for a short period of time while overseas investments through that financial institution and its affiliates are being determined.

The creation of an international banking centre in the City of Vancouver would possibly attract funds which are presently going to the Cayman Islands or others of the rather peculiar tax havens. Those funds would not, however, be used for investment in Vancouver, British Columbia or Canada, but in offshore locations. There would be no direct benefit to Canada whatsoever through economic activity which would flow from the moneys in international banking centres. However, there are people who would benefit. Of course, the major beneficiaries would be the banks themselves.

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This legislation creates an international banking centre where the profits generated in that centre would not be taxed. When we consider examples in the Cayman Islands and other places which we recognize as international tax havens, we see that substantial profits that are generated would be tax-free. At a time when we are expending a lot of energy and money deciding how to restructure our tax system to make it more equitable, fair and just, the Government is taking a rather peculiar step by creating an international banking centre and giving another break to the banks.

I do not fault the banks for this. As a matter of fact, the banks have made it quite clear that this step is probably not a good idea in terms of the financial system in Canada and its reputation in the financial circles of the world. They are simply going along with what the Government passes.

A number of bankers have told me not to blame them for taking advantage of tax laws that the Parliament of Canada creates. Last year I believe that not one of the big six banks in Canada paid any income tax. They have said that they should not be blamed for not paying taxes because they are only following the laws that the Government of Canada makes. If the Government wants them to pay taxes, it should change the laws. In a sense, they have a point. The fact that they will be the main beneficiaries raises questions. It would make it very difficult for me to support this legislation on those grounds alone.

This legislation will designate Vancouver and Montreal as international banking centres. I think we can do a great deal more as a Parliament to enhance the financial services available in Vancouver and Montreal, as well as in cities like Edmonton, Calgary, Winnipeg and many other Canadian centres where I believe we should be doing what we can to enhance the availability of financial services, particularly to the small and medium-sized businesses operating in those jurisdictions.

Many Members meet small and medium-sized business people in their constituency who have ideas and concepts they want to act upon but have difficulty obtaining financing to do so. They are hindered by the ability to obtain that financing.

As my colleague, the member for Ottawa Centre (Mr. Cassidy) indicated, it is time to set up some task forces in centres where the appropriate boards of trade and chambers of commerce could meet with urban officials as well as provincial and federal officials and representatives of the financial community to identify ways and means of enhancing the level of financial services in those centres. That is what people want.

Unfortunately, I believe the impression has been created that the designation of Vancouver as an international banking centre will present a host of new financial opportunities for local business people, industrialists, entrepreneurs and others. However, that is not the case.

The identification of Vancouver as an international banking centre is only symbolic. While it may send a certain message to some people in the country that we have identified Vancouver as an important West Coast city and port, no one who understands international banking will be fooled by this designation. They will realize that the critical decisions on national and international finance will be made in Toronto or New York, no matter what designation we give to centres around the country.

We are talking about a very sophisticated, effective and complicated international community of financiers. These trained and experienced individuals understand that to designate an international banking centre means very little, other than being a symbolic effort. They will know where the real, important and critical financial decisions will continue to be made.

While I am in favour of the concept of applying an international banking centre status to a city like Vancouver, I think it is somewhat of a smokescreen. It gives the illusion that something is being done and gives the people of Vancouver, and perhaps the people of western Canada, the impression that they have been given a significant designation, according to this Bill. Such is not the case.

It is important for us to recognize that we should not only do something of significance but also be seen to be doing something of significance. Unfortunately, only the latter is the case. The life of the average Vancouverite, British Columbian and Canadian will not significantly change as a result of this legislation. It is essentially a waste of our energy.

If anything, this legislation has made Parliament and the finance committee recognize that we must take steps to provide better financing vehicles for Canadian investors and business people. If this debate has moved us a step in that direction, I think we have made some progress. But let us not be duped into thinking that this will make a major difference in terms of the economic activity that is generated either in Vancouver or in Montreal.